

MAR 30 2006

NEBRASKA DEPARTMENT
OF INSURANCE

FINDINGS OF FACT, CONCLUSIONS OF LAW, RECOMMENDED ORDER AND ORDER

CAUSE NO. A-1658

FINDINGS OF FACT

1. On February 1, 2006, the Department of Insurance received an application for an insurance producer license from Applicant. In the application, Applicant noted that he had been subject to disciplinary action by a regulatory agency. Applicant explained that on November 5, 2003, he consented, without "admittance or denial" to a Securities and Exchange Commission (SEC) order in which it was found that Applicant failed to reasonably supervise two salespeople in the Englewood, Colorado office of Kirpatrick Pettis when Applicant was Chairman and Chief

Executive Officer of that particular firm. As part of the order, Applicant was suspended from supervision in the brokerage business for one year and was fined \$40,000. **E1.**

2. In reviewing the Order from the SEC, it appears that Applicant was neither the focus nor the eventual target of the investigation. Rather, the November 5, 2003 order described the actions of two "Registered Representatives" that worked under the supervision of Lahti. The SEC found that Applicant failed to responsibly supervise his employees because he did not have in place "an adequate system for applying the firm's procedures to detect and prevent the Registered Representative's manipulative activity, such as a mechanism to meaningfully and promptly follow-up on position accumulation in a security." Additionally, the SEC found that Applicant failed to respond in a timely fashion to certain "red flags." See **E1**, SEC Order, p.7.

3. The testimony and other evidence adduced at the hearing revealed that Applicant paid his fine, completed his suspension time and completed all other requirements under the SEC Order. Furthermore, it appears that Applicant has retaken and passed the National Association of Security Dealers (NASD) Series 7 examination and neither the SEC nor NASD has registered any objection to his becoming re-licensed as a securities broker. Applicant has served on numerous boards, as a consultant for various financial firms, and as a trustee of the Securities Industry Institute at the Wharton School at the University of Pennsylvania. Applicant has not, in the record before me, had any other regulatory actions taken against him since the 2003 matter.

CONCLUSIONS OF LAW

1. The Department has jurisdiction and control over the licensing of Respondent to sell insurance in the State of Nebraska pursuant to **Neb. Rev. Stat.** §44-101.01 and §44-4001 et seq.

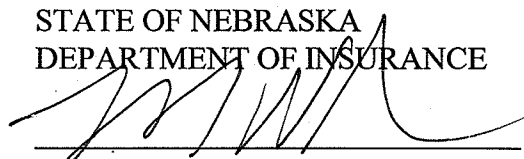
2. The Department has personal jurisdiction over Respondent.

RECOMMENDED ORDER

Based on the Findings of Fact and Conclusions of Law, it is recommended that Applicant receive an insurance producers license.

Dated this 28th day of March, 2006.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE




Martin W. Swanson
Hearing Officer

CERTIFICATE OF ADOPTION

I have reviewed the foregoing Findings of Fact, Conclusions of Law, and Recommended Order and hereby certify that the Recommended Order is adopted as the official and final Order of this Department in the Matter of the Denial of Application for Peter N. Lahti.

Dated this 30th day of March, 2006.

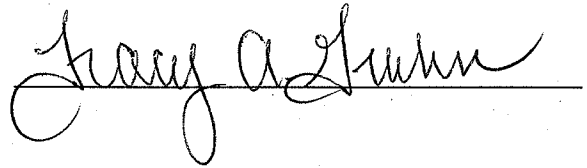
STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



L. TIM WAGNER
Director of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Findings of Fact, Conclusions of Law, Recommended Order, and Order was served upon the Applicant by mailing a copy to Applicant's Counsel of Record, Stephen E. Gehring, Cline, Williams, Wright, Johnson & Oldfather, LLP, One Pacific Place, 1125 South 103rd Street, Suite 320, Omaha, NE 68124-1090, by certified mail, return receipt requested, on this 20th day of March, 2006.

A handwritten signature in cursive script, reading "Tracy A. Quinn", is written over a horizontal line.